



SEN. GEORGE RUNNER (RET.)

MEMBER  
STATE BOARD OF EQUALIZATION  
**CALIFORNIA'S TAX BOARD**

May 30, 2013

The Honorable Bob Huff  
State Capitol, Room 305  
Sacramento, CA 95814

DELIVERED VIA EMAIL

Dear Senator Huff:

I am writing to ask that you vote for SB 209 (Lieu) so that we can prevent the Franchise Tax Board from imposing a \$120 million retroactive tax grab. As a taxpayer advocate, perhaps no one is more concerned about tax increases than me. This is a very unique set of circumstances. Inactivity by the Legislature on this matter would enable a tax increase caused by FTB's actions.

I know there are reasons to be concerned with the amendments that were forced into this bill by the Appropriations Committee. Small business entrepreneurs who relied on our laws should not be retroactively taxed at all.

But the decision on SB 209 today is between two tough choices:

- If SB 209 passes the Senate today, the small business entrepreneurs get a chance to restore full retroactive relief in the Assembly, and the opportunity to fight again on concurrence. Moreover, even as drafted, whatever tax is imposed on the small business entrepreneurs would be used to grant additional taxpayers the same tax benefit as extended to the original entrepreneurs;
- If SB 209 fails, the Franchise Tax Board succeeds in its original goal: to impose the full \$120 million of retroactive taxes on 2500 small business entrepreneurs, and have the money simply be absorbed in the general fund to support more spending.

We have seen nationally what happens when tax agencies like the IRS and the FTB receive tacit or explicit approval from those in power to abuse specific groups of taxpayers. The failure of SB 209 at this point would send that clear message to the FTB that hunting down tax credits to unilaterally invalidate is not only acceptable, but encouraged.

Finally, I am informed by the bill's sponsor, that in spite of the amendments, major taxpayer groups like the Howard Jarvis Taxpayers Association are willing to see the bill move forward to the Assembly as a "work in progress" that potentially can be amended to finish the job of ensuring just treatment of these small business entrepreneurs. They are joined by broader business groups, like the Chamber of Commerce, TechNet, TechAmerica and the Silicon Valley Leadership Group.

For these reasons, I ask you to support SB 209 on the Senate Floor today. Please feel free to contact me at (916) 445-2181 if you need to speak about SB 209.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Runner", with a stylized flourish at the end.

GEORGE RUNNER  
SECOND DISTRICT